



Guide to Long-Term Care Insurance



www.ahip.org



This guide is designed to give consumers a general introduction to long-term care insurance. Although revised often, this booklet contains information that is subject to changing federal and state law. It is not a comprehensive description of long-term care insurance and its features. It is not a substitute for speaking with an insurance agent, financial advisor, or tax professional. For more information, speak with an insurance agent or financial advisor or see the resources below.

For more information

- ▶ **America's Health Insurance Plans (AHIP):** You can find AHIP online at www.ahip.org. This site offers additional consumer information about long-term care insurance and other insurance coverage.
- ▶ **Insurance Education Program:** To find a long-term care insurance agent or financial adviser near you who has earned the Long-Term Care Professional (LTCP) designation, call AHIP's Insurance Education Program at 202-778-8471.

© Revised edition, 2003, 2004, 2012, 2013
 America's Health Insurance Plans, Washington, D.C.

Reviewed by Cooperative State Research, Education, and Extension Service, U.S. Department of Agriculture, in cooperation with long-term care insurance experts Mary Ellen Rider, Ph.D., Extension Specialist, Consumer Health Policy, University of Nebraska-Lincoln; Marlene Stum, Ph.D., Family Economics and Gerontology, University of Minnesota; and Paul McNamara, Ph.D., University of Illinois.

Contents

This guide book is about long-term care insurance	2
What is long-term care?	2
How likely am I to need long-term care?	3
What does long-term care cost?	4
Who pays the bills?	4
Where can I get long-term care coverage?	6
What are the different types of policies?	6
What does long-term care cover?	7
What is not covered?	8
What do policies cost?	9
Will my premiums increase as I get older?	11
What else should I know?	12
What should I look for in a policy?	13
What about switching policies?	14
Frequently asked questions about taxes	14
State long-term care partnership programs	17
Before you buy	18
Long-term care policy checklist	19
If you need help	21
For more information	22

This guide book is about long-term care insurance

It's impossible to predict what kind of care you might need in the future, or to know exactly what the costs will be. But like other insurance, long-term care insurance allows people to pay a known premium to help protect against the risk of much larger out-of-pocket expenses down the road.

Some people think they won't have to pay for long-term care because their family will take care of them. But relatives may not be available when you need care, or they may not be able to provide the kind of care you need. Furthermore, care giving can negatively affect your family members' quality of life, health, and ability to earn a living and meet other responsibilities.

Since there's a good chance you will need long-term care, you should learn about insurance options that are available and best suited to your situation.

This guide will help you understand the risks and costs associated with long-term care and how long-term care insurance may help protect you.

What is long-term care?

Long-term care is a range of services that people may need to meet their health or personal care needs over a long period of time. Long-term care goes beyond medical care and nursing care to include assistance you could need if you ever have a chronic illness or disability that leaves you unable to care for yourself for an extended period of time. For example, you might need help dressing, bathing, or performing other common daily activities because of a physical impairment. Or if you have a cognitive disorder such as Alzheimer's disease, you might need someone to look after you. In many cases, long-term care is provided by family members and friends, but if they are not available or cannot provide all the care you need, paid services may be needed. Care may be provided in a person's home, community setting, assisted living residence, nursing home, or other facilities.

There are services in the community to help impaired people live in their homes and to support family caregivers, including visiting nurses, home health aides, home-delivered meals, chore services, adult day centers, and respite services for caregivers who need a break from daily responsibilities. These services have become widely available and may be found in your community.

Your local Area Agency on Aging or Office on Aging can help you locate the services you need. Call the Eldercare Locator at 800-677-1116 or visit their website at www.eldercare.gov to find your local office.

How likely am I to need long-term care?

You may never need long-term care, but there is a good chance you will.

People over 65: About 70% of people age 65 and over will need some type of long-term care services sometime during their lifetimes, says the U.S. Department of Health and Human Services. Many people will receive care at home, but more than 40% of people age 65 and over will go into a nursing home during their lifetime, and about 10% will stay there five years or longer.

People over 85: The American population is growing older, and the group over 85 is now the fastest-growing segment of the population. The odds of entering a nursing home, and of staying for longer periods, increase with age. In fact, statistics show that at any given time, 22% of those 85 and older are in a nursing home.

Women: Because women generally outlive men by several years, they face a 50% greater likelihood than men of entering a nursing home after age 65.

Middle-aged people: Though older people use the most long-term care services, a young or middle-aged person who has been in an accident or suffered a debilitating illness might also need it. In fact, the U.S. Government Accountability Office estimates that 40% of the 13 million people receiving long-term care services are between the ages of 18 and 64.

What does long-term care cost?

It depends: Long-term care can be very expensive, and the amount you will spend depends on the level of services you need and the length of time you need care.

For nursing home care: To start with the most costly care setting, one year in a U.S. nursing home averaged more than \$80,000 in 2013, and in some regions of the country it can cost twice that amount.

For home care: Home care is less expensive, but it still adds up. Bringing an aide into your home just three times a week (two to three hours per visit) to help with dressing, bathing, preparing meals, and similar household chores can easily cost \$1,000 a month. Add in the cost of skilled help, such as physical therapy, and these costs can be much greater.

For assisted living facilities: The average monthly fee charged by assisted living facilities is around \$3,000. This includes rent and most additional fees. Some residents in the facility may pay significantly more if their care needs are greater than average.

Check for costs in your state: Be aware that the cost of long-term care varies greatly by state. For the cost of care in your area, check with an insurance agent, a financial adviser, your local Area Agency on Aging, or visit www.longtermcare.gov.

Who pays the bills?

Generally, Medicare does not cover long-term care. People over 65 and some younger people with disabilities have health coverage through the federal Medicare program. Medicare pays only about 12% for short-term skilled nursing home care following hospitalization. Medicare also pays for some skilled at-home care, but only for short-term unstable medical conditions and not for the ongoing assistance that many elders or injured people need.

Medicare supplement insurance helps cover some of the gaps in Medicare coverage. Medicare supplement insurance (often called Medigap or MedSupp) is private insurance. While these policies help pay the deductible for hospitals and doctors, coinsurance payments, or what Medicare considers excess physician charges, they do not cover long-term care.

Medicaid covers long-term care, but only for lower-income Americans. Medicaid is the federal-state program that provides health care coverage to lower-income Americans. Qualifying for Medicaid varies by state and typically requires you to meet very low-income thresholds or to spend your income and assets until you can. In other words, you can get Medicaid to pay for your long-term care, but only if you give up your financial independence and the assets you have spent a lifetime accumulating and might want to pass on to family members. Also, people who go on Medicaid may have somewhat limited care choices—some nursing homes do not accept Medicaid patients or limit the number, so you might not be able to enter the facility of your choice. And coverage of home care and assisted living may be limited, so you might need to enter a facility instead of being cared for at home.

For some individuals with limited resources, relying on Medicaid to pay for long-term care may be the best option available. Other individuals may want to explore the availability of long-term care partnership policies in their state. These policies allow individuals to keep some of their assets in qualifying for Medicaid and are explained in more detail later in this brochure.

The health insurance you may have generally does not cover long-term care services. Many people mistakenly believe that the health insurance they have either on their own or through their employer covers long-term care services. Health insurance helps pay your doctor and hospital bills if you get sick or injured. It does not protect you against the significant financial risk posed by the potential need for long-term care services in your home, community, or in a nursing home.

For the most part, people who need long-term care services pay the bills. Planning for this financial risk requires considering different options. Long-term care insurance is one option for protection against much of the financial risk posed by the potential need for long-term care services.

Read on to learn more about the different types of protection offered by long-term care coverage.

Where can I get long-term care coverage?

Long-term care insurance is generally available through groups and to individuals.

- ▶ **Group long-term care insurance** is sometimes offered through employers, and this type of coverage has become a more common benefit. More than 10,000 employers offer a long-term care insurance plan to their employees, retirees, or both.
- ▶ **Individual long-term care insurance** is an option if you are not employed, work for a company that doesn't offer a plan, are self-employed, or want to get insurance on your own. Choosing a policy requires careful shopping because coverage and costs vary from company to company and depend on the benefit levels you choose.

What are the different types of policies?

Several types of policies are available.

- ▶ **Reimbursement policies are the most common.** These policies have a daily or monthly benefit amount, and you are reimbursed for the covered long-term care expenses you incur, up to this amount. For instance, if you have a daily benefit of \$150 and you receive \$110 in home care one day, you will be paid \$110 for that day, but if you are in a nursing home care charging \$200 per day, you will still be paid your daily maximum of \$150.
- ▶ **Per diem policies, including indemnity and disability or cash policies, are also an option.** These policies pay a flat dollar amount per day regardless of your actual long-term care expenses. If you have a per diem policy with a \$150 daily benefit, you receive \$150 each day whether your actual expenses are \$110, \$200, or some other amount.
- ▶ **Some life insurance policies include long-term care benefits.** Life insurance policies may have *accelerated* or *living benefits*—this means that under

certain circumstances, such as a critical illness or the need for long-term care, you can receive all or part of the death benefit of your policy. This is instead of it being paid to your beneficiary after your death. In addition, some relatively new hybrid products combine a life insurance death benefit and long-term care benefits in a number of ways.

Keep in mind, no long-term care policy guarantees to fully cover all expenses.

What does long-term care insurance cover?

A long-term care insurance policy pays benefits when an insured individual meets the policy's eligibility criteria—essentially, when an insured person has either a functional or a cognitive impairment.

- ▶ **Functional impairments:** A person has a functional or physical impairment if he or she cannot perform a certain number (generally two or three) of activities of daily living (ADLs). The standard ADLs are bathing, dressing, transferring (getting from a bed to a chair), toileting, eating, and continence.
- ▶ **Cognitive impairments:** A cognitive impairment is a serious cognitive condition such as dementia or Alzheimer's disease. Whether an insured individual has an impairment as defined by the policy is generally determined in an evaluation performed by a specially trained health care practitioner.

Long-term care policies cover *skilled care* provided by professionals such as nurses and therapists. They also cover *personal care* and supervision of the cognitively impaired, both usually provided by nonprofessional but trained health aides.

Most policies cover care in the person's home, an assisted living residence, and a nursing home. A few older policies cover only nursing home care or only home care. Many policies include other items, such as adult day centers, homemaker/chore services, care coordinators, training for family caregivers, and respite care (temporary paid help to give a family caregiver a break).

Many policies include an *alternate plan of care* provision. Under this provision the insurer may pay for a variety of goods and services not specifically mentioned in the policy. For example, an insurer might pay for handrails and ramps in a person's house so that she can remain at home instead of having to go into a nursing home. The alternate plan of care provision can also allow an insurer to cover services or care settings that had not been developed when the policy was written—this is important, since care may not be needed until many years after a policy is purchased. Policies limit the amount of benefits that can be paid under an alternate plan of care provision. For all policies, any benefits paid count against the maximum lifetime benefit.

What is not covered?

All long-term care policies contain limitations and exclusions to help keep premiums affordable. These are likely to differ from policy to policy. Before you buy, be sure you understand exactly what is and is not covered under a particular policy.

Pre-existing Conditions

- ▶ Pre-existing conditions are health problems you already had when you became insured.
- ▶ Insurance companies may require that a period of time pass before the policy pays for care related to these conditions.
- ▶ For example: A company may exclude coverage of pre-existing conditions for six months. This means that if you have a condition when you buy your policy, and you need long-term care because of that condition within six months after your policy goes into effect, you may not receive benefits.
- ▶ Companies do not generally exclude coverage for pre-existing conditions for more than six months.

Specific Exclusions

- ▶ Some mental and nervous disorders are not covered. However, organic cognitive conditions (such as dementia and Alzheimer's disease) are covered.

- ▶ Care needed as a result of alcoholism or drug abuse or an intentionally self-inflicted injury is usually not covered at all.

What do policies cost?

The cost of long-term care insurance varies widely and depends on many factors, including your age when you buy and the provisions of your policy. Long-term care insurance policies do not cover all long-term care expenses—if they did, they would be unaffordable. When you buy your policy, you choose policy features, coverage amounts, and options, and of course, the more coverage you choose, the higher your premium. Choices include the daily or monthly benefit amount, how long you must wait for benefits after you first need care, called the “elimination period,” and how long benefits last. Optional features also add to the premium. For example, an inflation protection option can easily double your premium.

To give a general idea of cost, in 2010 the average annual premium paid by individual purchasers was around \$2,300. This is based on a person purchasing a policy that is between 55 and 64 years old. This “average” policy has a daily benefit of about \$150, lasting for four to five years, a 90-day elimination period, and a 5% inflation feature.

A licensed long-term care insurance agent or financial advisor can help you make an informed decision about balancing policy features and premium cost.

Age

The younger you are when you buy a policy, the lower your annual premium will be. For instance, in 2010 the average annual premium for those younger than age 55 was \$1,831, but it was \$2,261 for those age 55-64. It was \$2,781 for those age 65-69 and \$3,421 for those age 70-74. And for those age 75 and older it was \$4,123.

Daily or Monthly Benefit

The amount of your premium will also depend on the amount of the daily or monthly benefit you select when you buy your policy. For example, a policy that pays \$150 a day costs more than one that pays \$100 a day.

You usually have a choice of daily benefit amounts ranging from \$50 to more than \$300 per day for nursing home coverage. Some policies have a monthly benefit amount. The daily or monthly benefit for at-home care may be less than the benefit for nursing home care. It's important to keep in mind that you are responsible for your actual nursing home or home care costs that exceed the benefit amount you purchased.

Maximum Lifetime Benefit

Most long-term care policies limit the benefits that can be paid by dollar amount or by an amount of time (often expressed as years) over the course of a lifetime. The greater your maximum lifetime benefit, the higher your premium will be.

More commonly today, long-term care policies have a “*pool of money*.” There is a lifetime dollar maximum, and benefits are paid until that amount is reached. For instance, you might have a pool of money of \$300,000—this means your benefits will continue until you have received that total amount, no matter how long it takes and no matter where you receive care.

Elimination Period

An *elimination period* is the number of days after you first qualify for benefits under your policy before benefits begin. For example, with a 20-day elimination period, your policy will begin paying benefits on the twenty-first day after you qualify.

Most policies offer a choice of elimination periods ranging from zero to 180 days. The longer the elimination period you choose, the lower your premium. However, longer elimination periods also mean higher out-of-pocket costs. For instance, if you have a policy with a 100-day elimination period and you go into a nursing home, you must pay for the first 100 days of care. If the facility charges \$150 a day, you would pay \$15,000 before your benefits began. With a 30-day elimination period, you would pay only \$4,500 before your benefits begin.

Inflation Protection Option

Because the daily or monthly benefit amount you buy today may not be enough to cover higher costs years from now, most policies give you the option of adding an inflation protection feature, for an additional premium cost. *With automatic inflation protection*, the initial benefit amount increases automatically each year at a specified rate, such as 5%. Another form of inflation protection is the *guaranteed purchase option*. This gives you the option of increasing your benefit amount and your premium every few years. Policies without inflation protection cost less, but their benefit amounts do not increase and may be inadequate if you need long-term care many years from now.

Nonforfeiture Benefit Option

Some people feel that if they pay premiums on an insurance policy for years but later drop the policy, they should receive some payment. A policy with *nonforfeiture* provision does this. Most companies offer nonforfeiture options on long-term care policies. However, they can add from 20% to 100% to the premium.

The most common types of nonforfeiture benefits are the *return of premium* and the *shortened benefit period*. With a return of premium benefit, if the policyholder dies, his or her beneficiary receives a payment based on the amount of premiums paid and sometimes on the age of the policyholder at death. With a shortened benefit period, the long-term care coverage continues after the policyholder stops paying premiums, but the benefit period or pool of money is reduced.

For those who do not buy a nonforfeiture option, most policies include contingent nonforfeiture benefits at no extra charge. If there is a large premium increase, the policyholder is given the option of dropping the policy and receiving non-forfeiture benefits, usually a shortened benefit period.

Will my premiums increase?

Your premium does not increase automatically as you age, and the insurer cannot raise your premium because you have developed a health condition.

Your premium could go up, but only for an entire group of insured people because of higher-than-expected claims and after a state insurance department approves the increase. There have been these types of premium increases in recent years.

What else should I know before I buy?

Eligibility

If you are in reasonably good health and can take care of yourself, and if you are between the ages of 18 and 84, you can probably find long-term care insurance. However, if you have one of several conditions (such as Parkinson's disease) that make it likely you will need long-term care soon, you will probably not qualify. Some group plans sponsored by employers have more relaxed standards.

Renewability

Virtually all long-term care policies sold to individuals are *guaranteed renewable*. The insurer cannot terminate the policy as long as you pay your premiums on time and provided you give accurate information about your health in the application. The renewability provision, normally found on the first page of the policy, specifies under what conditions the policy can be canceled.

Waiver of Premium

This provision allows you to stop paying premiums during the time you are receiving benefits. Read the policy carefully to see if there are any restrictions on this provision. For example, a requirement that you be in a nursing home or receiving home health care for a certain length of time (90 days is typical) before premiums are waived.

Disclosure

Your medical history is very important because the insurance company uses the information you provide on your application to assess your eligibility for coverage. The application must be accurate and complete. If it is not, the insurance company may have the right not to pay benefits when you file a claim.

What should I look for in a policy?

You should look for a policy that includes the National Association of Insurance Commissioners (NAIC) standards that protect consumers and have been adopted by most states. These standards require:

- ▶ **At least one year of nursing home or home health care coverage**, including part-time care and help with activities of daily living. Nursing home or home health care benefits should not be limited to skilled care provided by nurses and therapists.
- ▶ **Coverage for Alzheimer's disease**, if the policyholder develops it after buying the policy.
- ▶ **An inflation protection option** that offers a choice for an automatic increase of the benefit level every year or a right to increase the benefit level when needed without having to provide evidence of insurability.
- ▶ **An outline of coverage** that describes in detail the policy's benefits, limitations, and exclusions, and also allows you to compare it with others. Your company or insurance agent should also provide you with a long-term care insurance shopper's guide that helps you decide whether long-term care insurance is right for you.
- ▶ **A guarantee that the policy cannot be canceled** because you get older or suffer a decline in physical or mental health.
- ▶ **The right to return the policy for any reason within 30 days** after you have purchased it and to get a refund.
- ▶ **No requirement that the policyholder first:**
 - be hospitalized in order to receive nursing home benefits or home health care benefits,
 - receive skilled nursing home care before getting less skilled or custodial nursing home care, or
 - receive nursing home care before getting benefits for home health care.

What about switching policies?

Newer long-term care policies may have more favorable provisions than older policies. For instance, newer policies generally do not require a prior hospital stay or a certain level of care before benefits begin, as was common with first generation policies. But if you do switch, any health condition you now have may be treated as a pre-existing condition under the new policy. In addition, your new premium may be higher because it will be based on your current age.

You should never switch policies before making sure the new policy is better than the one you already have. And you should never drop an old policy before making sure the new one has gone into effect.

Frequently asked questions about taxes

Nearly all long-term care insurance policies sold today are tax-qualified. This qualification means the premiums and benefits receive certain favorable federal tax treatment. To be tax-qualified, a long-term care policy must meet certain standards set by the **Health Insurance Portability and Accountability Act (HIPAA)**.

Q What is the connection between HIPAA consumer protection standards and tax treatment of long-term care insurance policies?

A To qualify for favorable tax treatment, a long-term care policy sold after 1996 must contain the consumer protection standards set by HIPAA. Also, insurance companies must follow certain administrative and marketing practices or face fines. Generally, policies sold before January 1, 1997 are called grandfathered policies and are eligible for favorable tax treatment. Lastly, nothing in HIPAA prevents states from applying stricter consumer protection standards.

Q What kinds of consumer protections must insurance companies have to meet HIPAA standards?

A There are several. HIPAA refers to the NAIC for these standards. Under the NAIC standards, consumers must receive a shopper's guide and

an outline of coverage describing the policy's benefits and limitations. The outline of coverage allows consumers to compare policies from different companies early in the sales process. Companies must report each year the number of claims denied and information on policy changes and terminations. High-pressure sales tactics and "twisting"—knowingly making misleading or incomplete comparisons of policies—are prohibited.

Q Do the HIPAA standards address limits on benefits and exclusions from coverage?

A Yes. Under HIPAA, no policy can be sold as a federally tax-qualified long-term care insurance policy if it limits or excludes coverage by type of treatment, medical condition, or accident. However, there are several exceptions to this rule. For example, policies may limit or exclude coverage for pre-existing conditions or diseases, such as mental or nervous disorders, but not for a cognitive disease like Alzheimer's, alcoholism or drug addiction. A policy cannot, however, exclude coverage for pre-existing conditions for more than six months after the effective date of coverage.

Q What will prevent a company from canceling my policy when I need it?

A Policies cannot be canceled because of age or a decline in mental or physical health. The law also prohibits a company from not renewing a policy except for nonpayment of premiums. However, if a policyholder is late paying a premium, the policy can be reinstated up to five months later if the reason for nonpayment is shown to be cognitive impairment.

Q Will these standards help people who, for whatever reason, lose their group coverage?

A They will. People covered by a group policy will be allowed to continue their coverage when they leave their employer, as long as they pay their premiums on time. Also, an individual who is covered under a group plan for at least six months may change to an individual policy if and when the group plan is stopped. The individual may do so without providing evidence of insurability.

Q Are benefits taxable income when received from a tax-qualified long-term care policy?

A Generally, no. Benefits from reimbursement policies are fully tax-free because they reimburse for actual long-term care expenses. Benefits from per diem policies are tax-free up to certain limits because they may be more than the actual long-term care expenses. They may be tax-free above those limits if the money was spent on long-term care.

Q Can you take a tax deduction for the premiums you pay on a tax-qualified long-term care insurance policy?

A Most people cannot. But, you may be able to if you have large unreimbursed medical expenses in a year. You can include in your itemized deductions your premiums up to a certain amount based on your age. If this amount plus other deductible medical expenses exceeds 10% of your adjusted gross income (7.5% if you are 65 or older), you can deduct the amount in excess. Check with a financial planner or tax adviser to see if you are eligible to take this deduction.

Q Can employers deduct anything for the cost of providing or paying for qualified long-term care insurance for their employees?

A Generally, yes. Employers can deduct, as a business expense, both the cost of setting up a long-term care insurance plan for their employees and the contributions that they make toward paying for the cost of premiums.

Q Are employer contributions excluded from the taxable income of employees?

A Yes.

Q Can funds from individual retirement account (IRAs) and 401(k) accounts be used to purchase private long-term care insurance?

A No. However, tax free funds deposited in health savings accounts (HSAs) can be used to pay long-term care insurance premiums up to a certain age-based dollar amount.

State Long-Term Care Partnership Programs

What they are: The Deficit Reduction Act (DRA) of 2005 included a number of reforms that affect long-term care services. One of these reforms allows states to implement long-term care partnership programs.

What they do: These state-based programs allow people who purchase an approved long-term care insurance policy to apply for Medicaid under modified eligibility rules that include a special feature called an “asset disregard.” This allows people with an approved long-term care partnership policy to keep some of the assets that they otherwise would not be allowed to have in order to qualify for Medicaid. The amount of assets Medicaid will disregard is equal to the amount of the benefits received under the long-term care partnership-qualified policy.

Policies that qualify: Partnership-qualified policies must meet special requirements, some of which vary from state to state. However, there are some key requirements. All partnership long-term care policies must:

- ▶ be tax-qualified under federal law,
- ▶ meet certain age-specific requirements regarding inflation protection, and
- ▶ meet certain consumer protection requirements specified in the DRA and certified by the insurance commissioner of the state where the policy is purchased.

The insurer who sells a partnership policy must also provide a notice to the insured that his or her policy is a partnership policy.

States that participate: Today, most states offer a long-term care partnership program. To find out if your state offers this program or to learn more about your state’s program, please contact your state’s insurance department.

Before you buy

- 1. Read the outline of coverage and summary of benefits.** If you are comparing policies, refer to the outline of coverage for each to identify key features and differences. If you need additional information, ask your agent, the insurance company, or your employer's benefit specialists.
- 2. Find out more about the insurance company.** Find out about the insurance company offering the policy, including its financial rating, history of rate increases, and other information. Your state insurance department can help or refer you to the right place.
- 3. After you buy, don't worry. You have 30 days to cancel the policy if you don't want it.** Insurance policies are legal contracts, so you will want to read your policy to make sure you understand all of its provisions and it is what you want. Marketing or sales literature is no substitute for the actual policy. If you decide the policy does not meet your needs, you generally have 30 days to return it and get your money back. This is called the "free look" period.
- 4. If you are confused or don't understand, ask for help.** Don't be afraid to ask your insurance agent or your employer's benefit specialist to explain anything that is unclear. If you are not satisfied with the answers, ask for someone to contact in the company itself. Call your state insurance department if you are not satisfied with the answers you get from company representatives.

Long-term care policy checklist

Before you begin shopping for a long-term care policy, do your research.

- ▶ Find out how much home health care and nursing home care costs in your area today.
- ▶ Find out if you can get the care you need locally, or do you have to go to another, potentially more expensive area.

Once you've done your research, use the following checklist to help you compare policies.

1. What services are covered?

- Nursing home care
- Home health care
- Assisted living facility
- Adult daycare
- Alternate care
- Respite care
- Other _____

2. How much does the policy pay per day (or month) for:

- _____ Nursing home care
- _____ Home health care
- _____ Assisted living facility
- _____ Adult daycare
- _____ Alternate care
- _____ Respite care
- _____ Other _____

3. Does the policy have a dollar-amount maximum lifetime benefit (a pool of money)?

- Yes
- No

If yes, how much does it cost? _____

4. Does the policy have a benefit period?

- Yes
- No

If yes, how long will benefits last:

- _____ At home
- _____ In a nursing home
- _____ In assisted living

5. Does the policy have an elimination period?

- Yes
 No

If yes, how many days before benefits begin for:

_____ Nursing home care

_____ Home health care

6. Is there a preexisting condition exclusion?

- Yes
 No

If yes, how long before preexisting conditions are covered? _____

7. Is there a waiver of premium provision for:

Nursing home care? Yes No

Home health care? Yes No

How long must care be received before premiums are waived? _____

8. Does the policy offer inflation protection options?

- Yes
 No

If yes, what is the rate increase for an automatic inflation protection feature? _____

Are increases simple or compound? _____

How much does it cost? _____

9. Does the policy offer nonforfeiture options?

- Yes
 No

If yes, how much does it cost? _____

10. What does the policy cost per year? _____

_____ With inflation feature

_____ Without inflation feature

_____ With nonforfeiture feature

_____ Without nonforfeiture feature

What does the policy cost per month? _____

_____ With inflation feature

_____ Without inflation feature

_____ With nonforfeiture feature

_____ Without nonforfeiture feature

If you need help

LOCAL RESOURCES

▶ **State Insurance Department:** Every state has a department that regulates insurers and assists consumers. If you need more information, have a question, or want to register a complaint, check the government listings in your local phone book for your state's insurance department.

▶ **Area Agency on Aging:** Information about long-term care is available from your Area Agency on Aging. For your local office, call 1-800-677-1116.

OTHER RESOURCES

▶ **National Clearinghouse for Long-Term Care Information**

U.S. Department of Health and Human Services
www.longtermcare.gov

▶ **Federal Long-Term Care Insurance Program**

1-800-LTC-FEDS (1-800-582-3337)
www.ltcfeds.com

▶ **National Association of Insurance Commissioners**

1100 Walnut Street, Suite 1500
Kansas City, MO 64106
(816) 842-3600
www.naic.org

▶ **National Council on the Aging**

1901 L St., NW, 4th Floor
Washington, DC 20036
(202) 479-1200
www.ncoa.org

▶ **University of Minnesota Extension Service**

www.financinglongtermcare.umn.edu



America's Health Insurance Plans

601 Pennsylvania Avenue, NW
South Building
Suite Five Hundred
Washington, DC 20004

202.778.3200
www.ahip.org

For more information

- ▶ **America's Health Insurance Plans (AHIP):** You can find AHIP online at www.ahip.org. This site offers additional consumer information about long-term care insurance and other insurance coverage.
- ▶ **Insurance Education Program:** To find a long-term care insurance agent or financial adviser near you who has earned the Long-Term Care Professional (LTCP) designation, call AHIP's Insurance Education Program at 202-778-8471.